GOVERNMENT OF ANDHRA PRADESH

ABSTRACT

Municipal Administration & Urban Development(CRDA) Department – Permitting APCRDA to execute the works of A.P. state Secretariat and HoDs Office Buildings at estimated cost of Rs.4900 crores and to meet the fund requirement for the project through funding by Govt. of India/Govt. of A.P grant (20%) and the balance (80%) through market borrowings like HUDCO, commercial banks etc - Orders – Issued.

MUNICIPAL ADMINISTRATION & URBAN DEVELOPMENT (CRDA.2) DEPARTMENT

G.O.MS.No. 51

Dated: 05-02-2019

Read:-

From the Commissioner, APCRDA, Lr.No: CRDA-13023(37)/17/2018-CE1- HB – APCRDA, Dt.08.05.2018

***

O R D E R :

Consequent to bifurcation of the State and creation of the New State of Andhra Pradesh, the new Capital area (29 Notified Villages) is notified and named as Amaravati. Amravati is envisioned to be an inclusive people's capital which is economically vibrant and self-sustaining, equipped with world-class social and physical infrastructure to create unparalleled opportunities. Amravati will be the largest Greenfield smart city in India, with planned investments of more than ~$6 billion over 10 years. Spread across 217 square kilometers, the capital was founded with the overwhelming support of more than 24,000 farmers who participated in the largest-ever consensual land-pooling initiative. Land parcels totaling up to around 33,500 acres have already been pooled and additional land of around 1500 acres will be pooled/acquired. Amravati will meet world-class standards of liveability, inclusive growth, economic opportunities and environmental sustainability.

2. In view of the state bifurcation and creation of new State of Andhra Pradesh, there is a need to establish new Secretariat and Government Heads of Departments, Legislative Assembly & High Court in the new Capital City of Amaravati.

3. The Commissioner, APCRDA, has submitted that APCRDA engaged Foster+Partners and Consortium as the master architect for the Amaravati Govt. Complex and as architect for the High Court, Legislative Assembly and Secretariat and HoD buildings.

4. The Commissioner, APCRDA has stated that vide minutes of the 1st Meeting of Administrative Committee for Amaravati Government Complex, dt.23.03.2017 a discussions and suggestions were provided with regard to space standardization for Govt. HoD offices. Subsequently, vide D.O.Letter.No-2/MIS/Dir/Plg1998/2017 NJA, dt.17.04.2017, GAD has requested to provide staff details in order to finalize the space standards of secretariat and HoD buildings.

5. The Commissioner, APCRDA has also stated that vide Resolution 231 of the 16th Authority Meeting held on 18.04.2018, the Authority has accorded administrative approval for Construction of Integrated Andhra Pradesh State Secretariat and Government Head of Departments (HODs) office building in Amaravati Government Complex, Andhra Pradesh with a Project Cost Rs.4900.00 Crore.

6. The Commissioner, APCRDA has also stated that the Authority was also informed that the funds of INR 4900 Cr required for the project would be met through the Govt. of India grant (20%, INR 980 Cr) and the balance (80%, INR 3,920 Cr) would be met through market borrowings like commercial banks etc.

7. The Commissioner, APCRDA has submitted the abstract of cost as follows:

Total Built Up Area:6,39,916.79 Sqm (68,88,064Sft):

ABSTRACT OF COST FOR STRUCTURAL WORKS			
SL.NO.	**PARTICULARS**	**AMOUNT**	**COST/SFT ON TBUA**
MAIN STRUCTURES WORKS INCLUDING ONE BASEMENT			
1	Earthwork	30,38,07,500	44.11
2	Pile Foundation	1,69,55,16,500	246.15
3	Concrete	3,77,35,44,300	547.84
4	Shuttering	83,50,81,375	121.24
5	Reinforcement Steel	3,33,95,00,000	484.82
6(a)	Structural Steel - Floor Beams	5,51,02,50,000	799.97
6(b)	Structural Steel - Diagrid	3,71,25,00,000	538.98
7	Waterproofing	1,01,67,85,250	147.62
8	Flooring	11,03,77,500	16.02
9	Deck Sheeting	40,84,93,750	59.30
10	Subsoil Drainage	5,92,18,600	8.60
11	Masonry Work	13,70,37,554	19.89
	SUB TOTAL	**20,90,21,12,329**	**3034.54**

Cost of Services and Interiors is tentatively projected at the rate of Rs.2700 per Sft. Accordingly, the cost is worked out (68,88,064 sft * Rs.2700/- sft) = Rs.1859.78 crore. Hence capital expenditure of project is Rs.2090.21 crore + Rs. 1859.78 crore = Rs.3950 Crore.

SL.NO.	**Description**	**Amount in Lacs**	**Amount in crores**
	Capital Expenditure:	395000	3950
12	Labour welfare Cess@1%	3950	39.5
13	GST @ 12%	47400	474
14	Seigniorage Charges	2000.00	20
15	Escalation Cost @5%	19750	197.5
16	Contingencies @ 5%	19750	197.5
17	LS	2150	21.5
	Total Project Cost	**4,90,000.00**	**4900.00**

9. The Commissioner, APCRDA has further stated that the Detailed Project Report for Amaravati Government Complex, of which Secretariat & Head of Department Towers is a component, has also been submitted to NITI Aayog vide Letter.No.262919/CRDA.2/2017, dt.08.09.2017 requesting for disbursal of funds from Government of India. The Project Cost

estimate as per the DPR submitted to NITI Aayog for Secretariat & HOD Buildings is a total of INR 2713 Crores. These Estimates have been arrived at considering only three core cost components – Civil (Structure & Architecture), MEP and External site development.

10. Further, the Commissioner, APCRDA has proposed for sanction of Annuity fee from Govt. of A.P. for servicing the debts and stated that based on the ongoing discussions with the Market, the following financial assumptions have been considered for calculating Annuity by GoAP:

a. Total Project Cost – INR 4900 Cr
b. Interest rate – 8.28% (as per the ongoing negotiations with market)
c. Interest During Construction – INR 504.20 Cr
d. Landed Project Cost (including Interest during construction) – INR 5404.20 Cr
e. Debt-Equity Ratio - 80:20
f. Repayment Period – 12 years
g. Principal Moratorium Period – 3 years
h. Depreciation under Income Tax act - 25%
i. Govt. Guarantee Fee - 0%

11. Based on the above mentioned assumptions, the Annuity amount payable quarterly by GoAP has been calculated to service the debt amount of INR 4329 Cr. The 12-year Annuity amount payable quarterly is calculated to be INR 145.706 Cr. The above-mentioned Annuity amount of INR 145.706 Cr payable quarterly is subject to the current assumptions mentioned above and may vary based on discussions with the market.

12. The Commissioner, APCRDA has therefore requested for permitting APCRDA to the following:

1. Permitting APCRDA to execute the works for Construction of Integrated Andhra Pradesh State Secretariat and Government Head of Departments (HODs) on behalf of the Government with the following financing structure for the project :

A. Details of the Project:

i. Total Project Cost – INR 4900 Cr

ii. Interest rate – 8.28% (as per the ongoing negotiations with market)

iii. Interest During Construction – INR 504.20 Cr

iv. Landed Project Cost (including Interest during construction) – INR 5404.20 Cr

v. Debt-Equity Ratio - 80:20

vi. Repayment Period – 12 years

vii. Principal Moratorium Period – 3 years

viii. Depreciation under Income Tax act - 25%

B. The Project is proposed under BOT model, wherein the CRDA is the executing agency on behalf of GOAP to build, operate and transfer the asset to the government back. Accordingly, an MOU between Govt. of AP and APCRDA is proposed to this extent.

C. The MoU will be in line with a Build, Operate & Transfer contract. The proposed MOU will have the following responsibility sharing between GOAP and APCRDA for execution of the project:

i. APCRDA:

a. To build the HOD, Secretariat buildings by engaging suitable executing agencies through a transparent tender process.

b. Operate the asset during the concession period i.e., twelve years (in line with the repayment period of the term loan) and transfer the asset to the GOAP after the completion of the asset period.

c. APCRDA will raise term Loan from Banks against the annuity to be paid by the Government in the books of APCRDA. The said annuity payments to be paid by Govt. of AP to APCRDA shall be in the nature of contractual obligations of Govt. of AP to APCRDA as annuity while taking the term loan. The annuity shall be shown as the cash flow for the project.

ii. GOAP:

a. To pay the annuity as arrived at as per the project cost to APCRDA for pass through payment for repayment of loan.

b. To pay the annuity for maintenance at the beginning of the financial year for the maintenance of the asset by APCRDA during the concession period.

c. The Annuity amount payable quarterly by GoAP has been calculated to service the debt amount of INR 4329 Cr. The 12-year Annuity amount payable quarterly is calculated to be INR 145.706 Cr.

d. Initial equity of Rs.1075 Cr (20% of the landed project cost including the IDC i.e. Rs.5404.20 Cr) shall be paid to the APCRDA either from the grants given by the GoI under AP Re-organisation Act 2014 or by GOAP itself.

2. Permit APCRDA to meet the fund requirement for the project through the Govt. of India/Govt. of A.P grant (20%) and the balance (80%) through market borrowings like HUDCO, commercial banks etc.

14. Government, after careful examination in the matter, hereby accord approval for permitting APCRDA to the following:-

1. Permitting APCRDA to execute the works for Construction of Integrated Andhra Pradesh State Secretariat and Government Head of Departments (HODs) on behalf of the Government with the following financing structure for the project :

A. Details of the Project:

i. Total Project Cost – INR 4900 Cr

ii. Interest rate – 8.28% (as per the ongoing negotiations with market)

iii. Interest During Construction – INR 504.20 Cr

iv. Landed Project Cost (including Interest during construction) – INR 5404.20 Cr

v. Debt-Equity Ratio - 80:20

vi. Repayment Period – 12 years

vii. Principal Moratorium Period – 3 years

viii. Depreciation under Income Tax act - 25%

B. Out of the constructed area some space can be given to State Government PSUs, Central Government PSUs, Commercial banks and other Organizations. which would enable the CRDA to get lease rentals from these Departments which would reduce the burden of the Government in loan repayment.

C. The Project is proposed under BOT model, wherein the CRDA is the executing agency on behalf of GOAP to build, operate and transfer the asset to the government back. Accordingly, an MOU between Govt. of AP and APCRDA is proposed to this extent.

D. The MoU will be in line with a Build, Operate & Transfer contract. The proposed MOU will have the following responsibility sharing between GOAP and APCRDA for execution of the project:

i. APCRDA:

a. To build the HOD, Secretariat buildings by engaging suitable executing agencies through a transparent tender process.

b. Operate the asset during the concession period i.e., twelve years (in line with the repayment period of the term loan) and transfer the asset to the GOAP after the completion of the asset period.

c. APCRDA will raise term Loan from Banks against the annuity to be paid by the Government in the books of APCRDA. The said annuity payments to be paid by Govt. of AP to APCRDA shall be in the nature of contractual obligations of Govt. of AP to APCRDA as annuity while taking the term loan. The annuity shall be shown as the cash flow for the project.

ii. GOAP:

a. To pay the annuity as arrived at as per the project cost to APCRDA for pass through payment for repayment of loan.

b. To pay the annuity for maintenance at the beginning of the financial year for the maintenance of the asset by APCRDA during the concession period.

c. The Annuity amount payable quarterly by GoAP has been calculated to service the debt amount of INR 4329 Cr. The 12-year Annuity amount payable quarterly is calculated to be INR 145.706 Cr.

d. Initial equity of Rs.1075 Cr (20% of the landed project cost including the IDC i.e. Rs.5404.20 Cr) shall be paid to the APCRDA either from the grants given by the GoI under AP Re-organisation Act 2014 or by GOAP itself.

e. The annuity payment of Rs.582 crores per annum can be brought down by lending sufficient space to State Government PSUs, Central Government PSUs, Commercial banks and other Organizations so that annuity burden on GoAP comes down substantially. The Commissioner, CRDA may be requested to take necessary action accordingly.

2. Permit APCRDA to meet the fund requirement for the project through the Govt. of India/ Govt. of A.P grant (20%) and the balance (80%) through market borrowings like HUDCO, commercial banks etc.

15. The Commissioner, Andhra Pradesh Capital Region Development Authority(APCRDA) shall ensure optimum utilization of the resources and correctness in all estimates by forming Technical Evaluation Committee of CEs from various departments including R&B and also engaging Third Party Agencies and Project Management Consultants and bench mark the cost against similar office space being constructed across the country and the world.

16. This order issues with the concurrence of the Finance Department vide their U.O.No.FMU0MRAS/21/2018 (Computer No.701677), Dt.22.01.2019

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

AJAY JAIN
PRINCIPAL SECRETARY TO GOVERNMENT (CRDA)

To
The Commissioner,
Andhra Pradesh Capital Region Development Authority,
Vijayawada.

Copy to
The PS to Hon'ble Chief Minister
The PS to Hon'ble Minister(MA&UD)
The PS to Hon'ble Minister for Finance
The PS to Chief Secretary
The PS to Principal Secretary to Government, Finance Department
The PS to Principal Secretary to Government, MA&UD(CRDA) Department
SF/SC.

//FORWARDED : : BY ORDER//

SECTION OFFICER